

PUBLIC UTILITY DISTRICT NO. 1 OF KITSAP COUNTY
Kitsap County, Washington
January 1, 1992 Through December 31, 1993

Schedule Of Findings

1. The District Should Prepare Annual Financial Statements In Accordance With Prescribed Standards

Public Utility District No. 1 of Kitsap County did not prepare annual financial reports in the format prescribed by the State Auditor's Office in the *Budgeting, Accounting, and Reporting System* (BARS) manual for the fiscal years ended December 31, 1993 and 1992.

RCW 43.09.230 states in part:

The state auditor shall require from every taxing district and other political subdivisions financial reports covering the full period of each fiscal year, in accordance with the forms and methods prescribed by the state auditor

When financial statements are not prepared in the required format, the State Auditor's Office cannot maintain statistics used by the legislature and others to compare districts.

The district was in the middle of a third conversion from one computer system to another and did not prepare BARS financial statements.

We recommend the district prepare financial reports in the prescribed format.

2. The District Should Reconcile Cash With The County Treasurer

Public Utility District No. 1 of Kitsap County did not reconcile the 1993 ending cash balance in their general ledger accounting system to the cash reported by the county treasurer until 1995, following our audit.

While the district did perform reconciliations monthly, the reconciliations were made from an old general ledger computer system. During the year, the district converted to another accounting system, which was not reconciled to the county treasurer and from which the financial statements were prepared.

RCW 43.09.200 requires that:

The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, or other persons.

The district's records showed \$122,080 more than held by the county treasurer.

This condition resulted because district staff did not understand how the new system worked and made numerous postings to the cash account.

We recommend the district ensure that cash is reconciled to the county treasurer.